

## **Dividend Distribution Policy**

### **1. Background /Objective**

**The objective of the Policy is to set guidelines to be followed by the Board of Directors, in declaring / recommending the amount of dividend (interim or final) per share.**

This Dividend Distribution Policy (the policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

The revised policy shall come into force for accounting periods beginning from 1st April 2025.

KCP has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and long-term capital appreciation for all stakeholders of the company.

The Company currently has only one class of shares, viz. Equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

### **2. Legal Framework.**

**Regulation 43A of the SEBI (LODR) Regulations, 2015 provides that:**

1. The top 1000 listed entities based on market capitalization shall formulate a dividend distribution policy which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.
2. The dividend distribution policy shall include the following parameters:
  - a) the circumstances under which the shareholders of the listed entities may or may not expect dividend;
  - b) the financial parameters that shall be considered while declaring dividend;
  - c) internal and external factors that shall be considered for declaration of dividend;
  - d) policy as to how the retained earnings shall be utilized; and
  - e) parameters that shall be adopted with regard to various classes of shares:

Provided that if the listed entity proposes to declare dividend on the basis of parameters in addition to clauses (a) to (e) or proposes to change such additional parameters or the dividend distribution policy contained in any of the parameters, it shall disclose such changes along with the rationale for the same in its annual report and on its website.

### **3, Definitions.**

- 3.1 ACT. "Act" means Companies Act, 2013 including the rules framed there under and any statutory amendment(s) or modification(s) or circular(s) or notification(s) or order(s) thereof for the time being in force.
- 3.2 SEBI Regulations: SEBI Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any statutory amendment(s) or modification(s) or circular(s) or notification(s) thereof for the time being in force.
- 3.3 Dividend: As defined under Section 2(35) of the Act.
- 3.4 Free Reserves: As defined under Section 2(43) of the Act
- 3.5 Free Reserves: As defined under Section 2(43) of the Act.
- 3.6 Words and Expressions used and not defined in this Policy but defined in the Act, Regulations, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 shall have the same meaning respectively assigned to them in those Acts/Regulations.

### **4. Dividend distribution philosophy**

The Company is committed to driving superior value creation for all its stakeholders.

The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer-term value creation.

Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

### **5. Dividend**

Dividend is the cash distributed by a company to its shareholders from its profit earnings in proportion to the amount paid-up on shares they hold.

Dividends are decided by the board of directors of the company, and it has to be approved by shareholders.

The company may decide to reinvest its profits in business as well without providing dividends.

The Dividend for any financial year shall normally be paid out of the Company profits for that year.

This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013.

If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act, Rules and Regulations, as applicable. Where the Dividend is declared out of Free Reserves, the same will be subject to the following conditions, namely.

- a) The rate of Dividend shall not exceed the average of the rates at which Dividend was declared in the three years immediately preceding that year. Provided that this will not apply, if no Dividend was declared by the Company in each of the three preceding financial years.
- b) The total amount to be drawn from such accumulated profits shall not exceed one tenth of its paid up capital and free reserves as appearing in the latest Financial Statement.

## **6. Circumstances under which shareholders can expect Dividend.**

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors like consistency in dividend payment.

Notwithstanding the above, the shareholders of the Company may not expect Dividend under the following circumstances:

- a. Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital
- b. Significantly higher working capital requirements adversely impacting free cash flow.
- c. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital
- d. In the event of inadequacy of profit or whenever the Company has incurred losses

## **7. Interim and Final Dividend**

7.1 **Interim Dividend:** The Board may declare interim dividend(s) at its discretion and its recommendation to the shareholders on the dividend may also include Special dividend(s) as it considers appropriate.

7.2; **Final Dividend:** Subject to approval of Shareholders in Annual General Meeting, the Board of the company may recommend quantum of Final Dividend payable to Shareholders in its meeting in line with this policy based on the aforesaid parameters arrived at as per the audited Financial Statements.

- 7.3 Prior intimation of Dividend: The date of the Board meeting in which the Dividend proposal will be considered, will be provided to the stock exchanges, as required by Listing Regulations.
- 7.4: Form and Mode of Dividend: The Dividend shall be paid only in cash form by Banker's Cheque or Dividend Warrant or through use of any electronic mode of payment facility approved by the Reserve Bank of India from time to time.
- 7.5: Record Date or Date of closure of transfer books: The Company shall intimate/announce (at least seven working days in advance, excluding the date of the intimation and the record date/dates of closure of its transfer books) the record date/dates of closure of its transfer books to the stock exchange(s) for the purpose of declaration of dividend.

**8. Financial parameters and other internal and external factors that would be considered for declaration of Dividend:**

- Distributable surplus available as per the Act and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Payout ratios of comparable companies
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Capital expenditure requirements considering the expansion and acquisition opportunities.
- It may be prudent for the Company to build up certain level of Net Worth to be in a position to raise borrowings with a view to take advantage of any growth opportunities.
- Cost and availability of alternative sources of financing \*Statutory restrictions. if any.
- \* The performance and growth of Economy and its impact on the Cement Industry.
- Stipulations/ Covenants of loan agreements
- Macroeconomic and business conditions in general
- Providing of unforeseen event and contingency with financial implications
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

**9. Utilization of retained earnings Subject to applicable regulations, the Company's retained earnings shall be applied for:**

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits and other compliances
- Payment of Dividend in future years
- Issue of Bonus Shares
- Any other permissible purpose

**10. Parameters adopted with regard to various classes of shares.**

At present, the issued and paid-up capital of the company comprises of only equity shares. However, the company shall first declare dividends on Preference Shares, if any, at the rate of dividend, fixed at the time of issue of Preference Shares, and thereafter the dividend would be declared on equity shares. As and when the Company issues other classes of shares, the Board of Directors may suitably amend this Policy.

**11. Target dividend – payout ratio**

Taking the above parameters and criteria into account, the Company would strive to distribute at least 10% of its Standalone Post-Tax Profits out of its normal business operations as dividend including interim dividends in each financial year and the distribution shall include dividends and tax on such dividends as per relevant regulations.

**12. Special Dividends:**

The Board of Directors may additionally recommend a Special Dividend in Special Circumstances.

**13. Modification of the Policy**

The Board of Directors is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, Rules and the Listing Regulations, etc.

**14. Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's Equity shares. The statement of the Policy does not in any way restrict the right of the Board to use its discretion in the recommendation of the Dividend to be distributed in the year and the Board reserves the right to depart from the Policy as and when the circumstances so warrant.

